

Report

City of Merritt
REGULAR Council Meeting
April 21, 2020

File Number: 1700

To: Scott Hildebrand, Chief Administrative Officer
From: Wayne Anderson, Financial Services Manager
Date: April 16, 2020
Subject: Proposed Changes to 2020 Utility Billing Due Dates and Discounts

RECOMMENDATION:

THAT Council direct staff to increase the 10% discount to 17% for residential & commercial customers, with new payment dates of July 31st & Nov 30th for residential customers in response to the current COVID crisis.

Background:

The City of Merritt utility invoices for residential and commercial properties include water, sewer and garbage services with due dates and discounts as follows:

Residential Customers

- Two billing cycles per year (April and October).
- The flat rate fee (water, sewer & garbage) for a single family residential (SFRD) is \$406.49 per billing cycle.
- The April invoice covers the period of January to June and is due May 31st.
- The October invoice covers the period of July to December and is due November 30th.
- A 10% discount (\$40.65 for SFRD) is offered for payments received by the due date.
- Unpaid invoices at December 31st are transferred to the owner's property tax account and show up as arrears on the following year tax notice. The current interest rate charged on arrears, as legislated by the province, is 5.95%

Commercial Customers

- Quarterly invoices mailed in April, July, October and January to cover metered consumption from January through to December.
- Water and sewer rates vary based on water consumption, garbage rates vary based on size of containers and number of pickups per week.
- Invoices are due 30 days from date of invoice.
- A 10% discount is offered for payments received by due date.

Notes:

- The April (Q1) and July (Q2) invoices will be combined for 2020 **(approved by Council)**
- The due date on the July invoice has been extended to **August 31st (approved by Council)**

Discounts Taken

- In 2019, the 10% early payment discount resulted in \$275k in savings to the citizens and businesses in the City of Merritt.

Options / discussion

The following options are proposed for the 2020 utility billing payment dates and discounts for residential and commercial customers:

1. THAT Council direct staff to increase the 10% discount to 17% for residential & commercial customers for 2020, with new payment dates of July 31st & Nov 30th for residential customers in response to the current COVID crisis.
2. THAT Council direct staff to retain the 10% discount for residential & commercial customers for 2020, with new payment dates of July 31st & November 30th for residential customers in response to the current COVID crisis.
3. THAT Council direct staff to retain or alter discount and/or payment dates for both residential and commercial customers in 2020 in response to the current COVID crisis.

Financial / Risk Implications:

The impacts of proposed changes in Option #1 above include:

Residential Customers

- A **60-day** extension on first payment deadline from May 31st to July 31st.
- For a SFRD, the 7% increase in the discount will amount to an additional \$28.45 in savings per billing cycle or **\$56.90 per year**.
- The total annual discount on the SFRD charges of \$812.98 will be \$138.20.

Commercial Customers

- An additional 7% discount on payments received by due dates.

Discounts Taken

- The 7% increase in the early payment discount is expected to provide an additional **\$192k in savings** to citizens and businesses in 2020.

Respectfully submitted,

Wayne Anderson
Financial Services Manager